

LaJuana S. Wilcher
Secretary

AIR QUALITY PERMIT
Issued under 401 KAR 52:030
Federally-enforceable Permits for Nonmajor Sources

Ernie Fletcher
Governor



Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Department for Environmental Protection
Division for Air Quality
803 Schenkel Lane
Frankfort, Kentucky 40601
(502) 573-3382

Permittee Name: Blue Grass Cooperage Company
Mailing Address: P.O. Box 225, Albany, KY 42602

is authorized to operate a special products sawmill

Source Name: Blue Grass Cooperage Company
Mailing Address: P.O. Box 225, Albany, KY 42602
Source Location: Highway 90 (near intersection with Highway 127)(Route 4, Box 425)
Albany, KY 42602

KYEIS ID #: 21-053-00015
Log Number: 54410
AI Number: 855

SIC Code: 2429
County: Clinton

Permit Number: F-04-009

Permit Type: Conditional Major Operating

Regional Office: London
875 S. Main Street
London, KY 40741
(606) 878-0157

Completion Date: April 2, 2002
Issuance Date: May 7, 2004
Expiration Date: May 7, 2009

John S. Lyons, Director
Division for Air Quality

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Subject Item Inventory

Activity ID No.: APE20040001

Subject Item Inventory:

ID	Designation	Description
AIOO855	Source 1	General Conditions
COMB1	Emission Unit 12	Wood-fired boiler - 8.28 mmBtu/hr Controls: mechanical collector (cyclone w/flyash reinjection) Maximum Rate: 0.80 tons of wood/hr combusted Constructed: 1996 (cyclone w/flyash reinjection replacement - proposed 2004)
EQPT1	Emission Unit 01	Debarking Operations Controls: none - fugitive emissions Maximum Throughput: 50 tons of logs/hr (assume 1 log = 1 ton) Constructed: 1996
EQPT2	Emission Unit 02	Sawing Operations - end piece trim log cutting Controls: none - fugitive emissions Maximum Throughput: 50 tons of logs/hr (assume 1 log = 1 ton) Constructed: 1996
EQPT3	Emission Units 3-11, & 13	Cyclone dust handling system Collected chips stream from Emission Units 04, 05, 06, 08, and 10 to Emission Unit 13. Collected sawdust stream from Em. Units 02, 03, 04, 05, 06, 07, 08, 09, 10, and 13 To Em. Unit 11. Controls: none after Em. Unit 11 (two process cyclones in parallel) Maximum Throughput: 50 tons of logs/hr (assume 1 log = 1 ton) Constructed: 1996
EQPT4	Emission Units 14	INSIGNIFICANT Sawdust/bark/chips storage/loadout fugitive emissions Controls: partial enclosure Maximum Throughput: 50 tons of logs/hr processed at facility (assume 1 log = 1 ton) Constructed: 1996
EQPT5	Emission Units 15- 20	INSIGNIFICANT Six Kilns for drying oak wood Controls: none Maximum Throughput: 1.76 tons of wood/hr total from all 6 units
EQPT6	Emission Unit 21	INSIGNIFICANT Wood process fugitive emissions from building Controls: none Maximum Throughput: 50 tons of logs/hr processed at facility (assume 1 log = 1 ton) Constructed: 1996
EQPT7	Emission Unit 22	INSIGNIFICANT Infrared Toasting Oven Controls: none Maximum Throughput: 1.153 tons/hr

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Subject Item Inventory

Activity ID No.: APE20040001

ID	Designation	Description
EQPT8	Emission Unit 23	INSIGNIFICANT Diesel Tank, 1000-gallon Controls: none Throughput: 25,000 gallons/yr Constructed: 1995
EQPT9	Emission Unit 24	INSIGNIFICANT Paved and Unpaved Roadways 0.5 miles paved 0.6 miles gravel

Subject Item Groups:

ID	Description	Components
GACT1	Debarking and Log Cutting	EQPT2 Sawing Operations - end piece trim log cutting Controls: none - fugitive emissions Maximum Throughput: 50 tons of logs/hr (assume 1 log = 1 ton) Constructed: 1996 EQPT1 Debarking Operations Controls: none - fugitive emissions Maximum Throughput: 50 tons of logs/hr (assume 1 log = 1 ton) Constructed: 1996
GACT2	Insignificant Activities subject to 63:010	EQPT4 INSIGNIFICANT Sawdust/bark/chips storage/loadout fugitive emissions Controls: partial enclosure Maximum Throughput: 50 tons of logs/hr processed at facility (assume 1 log = 1 ton) Constructed: 1996 EQPT9 INSIGNIFICANT Paved and Unpaved Roadways 0.5 miles paved 0.6 miles gravel EQPT6 INSIGNIFICANT Wood process fugitive emissions from building Controls: none Maximum Throughput: 50 tons of logs/hr processed at facility (assume 1 log = 1 ton) Constructed: 1996
GACT3	Insignificant Activities subject to general cond.	EQPT7 INSIGNIFICANT Infrared Toasting Oven Controls: none Maximum Throughput: 1.153 tons/hr EQPT5 INSIGNIFICANT Six Kilns for drying oak wood Controls: none Maximum Throughput: 1.76 tons of wood/hr total from all 6 units

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Subject Item Inventory

Activity ID No.: APE20040001

ID	Description	Components
GACT3	Insignificant Activities subject to general cond.	EQPT8 INSIGNIFICANT Diesel Tank, 1000-gallon Controls: none Throughput: 25,000 gallons/yr Constructed: 1995

KEY

ACTV = Activity

AREA = Area

EQPT = Equipment

PERS = Personnel

STOR = Storage

TRMT = Treatment

AIOO = Agency Interest

COMB = Combustion

MNPT = Monitoring Point

PORT = Transport

STRC = Structure

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

Page 1 of 19

AIOO855 (Source 1) General Conditions:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	PM10 (Particulate Matter - 10 Microns Or Less)	<p>The source shall have a maximum source wide emissions of PM10 (Particulate Matter - 10 Microns Or Less) < 100 tons/yr.</p> <p>Compliance Demonstration</p> <p>The permittee shall demonstrate compliance with this limitation times a 90% safety factor, which would give a limit of 90 tons of PM10 per year. The permittee shall demonstrate compliance with the 90 tons of PM10 per year limitation by the operating limitation in Limitation Requirement L-2 for the source. [401 KAR 52:030 Section 10] Statistical basis: Daily average.</p>
L-2	Operation	<p>The source shall limit the throughput of logs processed at the facility to have the Source Operation <= 50 tons/hr.</p> <p>Compliance Demonstration</p> <p>The permittee shall monitor and record the amount of logs received and processed through each piece of equipment and the number of hours of operation on a daily basis. [401 KAR 52:030 Section 10] Statistical basis: Daily average.</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

Page 2 of 19

Submittal/Action Requirements:

Condition No.	Condition
S-1	<p>SEMIANNUAL REPORTS:</p> <p>The permittee shall submit report(s): Due semiannually, by the 30th of January and July to the Regional Office listed on the front of this permit at least every six (6) months during the life of this permit, unless otherwise stated in this permit. This report shall be a summary of any monitoring required by this permit, other than continuous emission or opacity monitors. For emission units that were still under construction or which had not commenced operation at the end of the 6-month period covered by the report and are subject to monitoring requirements in this permit, the report shall indicate that no monitoring was performed during the previous six months because the emission unit was not in operation. All deviations from permit requirements shall be clearly identified in the reports [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1b (V)1]. All reports shall be certified by a responsible official [401 KAR 52:030, Section 22]. Data from the continuous emission and opacity monitors shall be reported to the Technical Services Branch in accordance to the requirements of 401 KAR 59:005, Section 3(3). [401 KAR 52:030 Section 26, 401 KAR 52:030 Section 22, 401 KAR 59:005 Section 3(3)]</p>
S-2	<p>EMISSION EXCEEDANCES:</p> <p>The owner or operator shall submit report(s): Due within thirty (30) days of emission related exceedances from permit requirements, including those attributed to upset conditions (other than emission exceedances covered by Requirement D.5); to the Regional Office listed on the front of this permit. Other deviations from permit requirements shall be included in the semiannual reports required by Condition No S-1. [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1b (V)(3) and (4)]. [401 KAR 52:030 Section 26]</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

Page 3 of 19

Submittal/Action Requirements:

Condition No.	Condition
S-3	<p>COMPLIANCE CERTIFICATION:</p> <p>The permittee shall certify compliance with the terms and conditions contained in this permit and shall submit compliance certification: Due annually, by the 30th of January to the Regional Office listed on the front of this permit. Compliance Certification Form (DEP 7007CC) (or an approved alternative) shall be used in accordance with the following requirements:</p> <ol style="list-style-type: none">Identification of each term or condition of the permit that is the basis of the certification;The compliance status regarding each term or condition of the permit;Whether compliance was continuous or intermittent; andThe method used for determining the compliance status for the source, currently and over the reporting period.For an emissions unit that was still under construction or which has not commenced operation at the end of the year covered by the annual compliance certification, the permittee shall indicate that the unit is under construction and that compliance with any applicable requirements will be demonstrated within the timeframes specified in the permit.The certification shall be postmarked by January 30th of each year. Annual compliance certifications should be mailed to the Regional Office listed on the front of this permit and the following address: <p>Division for Air Quality Central Files 803 Schenkel Lane Frankfort, KY 40601. [401 KAR 52:030 Section 21]</p>
S-4	<p>PERMIT EXPIRATION AND REAPPLICATION REQUIREMENTS:</p> <p>This permit shall remain in effect for a fixed term of five (5) years following the original date of issue. Permit expiration shall terminate the source's right to operate. The permittee shall submit permit application for renewal: Due at least 180 days prior to permit expiration to the Division. Upon a timely and complete submittal, the authorization to operate within the terms and conditions of this permit, including any permit shield, shall remain in effect beyond the expiration date, until the renewal permit is issued or denied by the Division. [401 KAR 52:030 Section 12]</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

Page 4 of 19

Narrative Requirements:

Condition No.	Condition
T-1	SECTION A. PERMIT AUTHORIZATION. [401 KAR 52:030]
T-2	<p>A1. Pursuant to a duly submitted application, the Kentucky Division for Air Quality hereby authorizes the operation of the equipment described herein in accordance with the terms and conditions of this permit. This permit has been issued under the provisions of Kentucky Revised Statutes Chapter 224 and regulations promulgated pursuant thereto.</p> <p>The permittee shall not construct, reconstruct, or modify any affected facilities without first having submitted a complete application and received a permit for the planned activity from the permitting authority, except as provided in this permit or in 401 KAR 52:030, Federally-enforceable permits for non-major sources.</p> <p>Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by this Cabinet or any other federal, state, or local agency. [401 KAR 52:030]</p>
T-3	SECTION B. SOURCE EMISSION LIMITATIONS AND TESTING REQUIREMENTS. [401 KAR 52:030]
T-4	B1. Compliance with annual emissions and processing limitations contained in this permit, shall be based on emissions and processing rates for any twelve (12) consecutive months [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1b]. [401 KAR 52:030 Section 26]
T-5	SECTION C. SOURCE CONTROL EQUIPMENT REQUIREMENTS. [401 KAR 50:055]
T-6	C1. At all times, including periods of startup, shutdown and malfunction, owners and operators shall, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on information available to the Division which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures, and inspection of the source. [401 KAR 50:055 Section 2(5)]
T-7	SECTION D. MONITORING, RECORD KEEPING, AND REPORTING REQUIREMENTS. [401 KAR 52:030]

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 5 of 19

Narrative Requirements:

Condition No.	Condition
T-8	<p>D.1. When continuing compliance is demonstrated by periodic testing or instrumental monitoring, the permittee shall compile records of required monitoring information that include:</p> <ul style="list-style-type: none">a. Date, place (as defined in this permit), and time of sampling or measurements;b. Analyses performance dates;c. Company or entity that performed analyses;d. Analytical techniques or methods used;e. Analyses results; andf. Operating conditions during time of sampling or measurement <p>[Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1b (IV)(1)]. [401 KAR 52:030 Section 26]</p>
T-9	<p>D.2. Records of all required monitoring data, support information (including calibrations, maintenance records, and original strip chart recordings), and reports required by the Division for Air Quality shall be retained by the permittee for a period of five years. These records shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1b (IV)(2) and Section 1a (7)]. [401 KAR 52:030 Section 26]</p>
T-10	<p>D.3. The permittee shall allow authorized representatives of the Cabinet to perform the following during reasonable times:</p> <ul style="list-style-type: none">a. To access and copy any records required by the permit;b. To inspect any facility, equipment (including monitoring and air pollution control equipment), practice, or operation; andc. To sample or monitor substances or parameters to assure compliance with the permit or any applicable requirements. <p>Reasonable times are defined as during all hours of operation, during normal office hours, or during an emergency. [401 KAR 52:030 Section 3(1)(f)]</p>
T-11	<p>D.4. No person shall obstruct, hamper, or interfere with any Cabinet employee or authorized representative while in the process of carrying out official duties. Refusal of entry or access may constitute grounds for permit revocation and assessment of civil penalties. [KRS 77.165, 401 KAR 50:060]</p>
T-12	<p>D.5. The owner or operator shall notify the Regional Office listed on the front of this permit concerning startups, shutdowns, or malfunctions as follows:</p> <ul style="list-style-type: none">i) When emissions during any planned shutdowns and ensuing startups will exceed the standards, notification shall be made no later than three (3) days before the planned shutdown, or immediately following the decision to shut down, if the shutdown is due to events which could not have been foreseen three (3) days before the shutdown.ii) When emissions due to malfunctions, unplanned shutdowns and ensuing startups are or may be in excess of the standards notification shall be made as promptly as possible by telephone (or other electronic media) and shall submit written notice upon request. [401 KAR 50:055 Section 1]
T-13	<p>D.6. The permittee shall provide the Division with all information necessary to determine its subject emissions within thirty (30) days of the date the KEIS emission report is mailed to the permittee. If a KEIS emission report is not mailed to the permittee, comply with all other emission reporting requirements in this permit. [401 KAR 52:030 Section 3(1)(d)]</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 6 of 19

Narrative Requirements:

Condition No.	Condition
T-14	<p>D.7. The Cabinet may authorize the temporary use of an emission unit to replace a similar unit that is taken off-line for maintenance, if the following conditions are met:</p> <ul style="list-style-type: none">a. The owner or operator shall submit to the Cabinet, at least ten (10) days in advance of replacing a unit, the appropriate Forms DEP7007AI to DD that show:<ul style="list-style-type: none">i. The size and location of both the original and replacement units; andii. Any resulting change in emissions;b. The PTE of the replacement unit shall not exceed that of the original unit by more than twenty-five (25) percent of a major source threshold, and the emissions from the unit shall not cause the source to exceed the emissions allowable under the permit;c. The PTE of the replacement unit or the resulting PTE of the source shall not subject the source to a new applicable requirement;d. The replacement unit shall comply with all applicable requirements; ande. The source shall notify Regional office of all shutdowns and start-ups.f. Within six (6) months after installing the replacement unit, the owner or operator shall<ul style="list-style-type: none">i. Re-install the original unit and remove or dismantle the replacement unit; orii. Submit an application to permit the replacement unit as a permanent change. [401 KAR 52:030 Section 20]
T-15	SECTION E. GENERAL PROVISIONS. [401 KAR 52:030]
T-16	E(a) General Compliance Requirements. [401 KAR 52:030]
T-17	E(a)1. The permittee shall comply with all conditions of this permit. A noncompliance shall be a violation of 401 KAR 52:030 Section 3(1)(b) and is also a violation of Federal Statute 42 USC 7401 through 7671q (the Clean Air Act). Noncompliance with this permit is grounds for enforcement action including but not limited to the termination, revocation and reissuance, revision, or denial of a permit [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1a (2)]. [401 KAR 52:030 Section 26]
T-18	E(a)2. Notification by the permittee of a planned change or anticipated noncompliance, or filing of a request for any permit revision, revocation, reissuance, or termination shall not stay any permit condition [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1a (5)]. [401 KAR 52:030 Section 26]

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 7 of 19

Narrative Requirements:

Condition No.	Condition
T-19	<p>E(a)3. This permit may be revised, revoked, reopened and reissued, or terminated for cause in accordance with 401 KAR 52:030 Section 18. The permit will be reopened for cause and revised accordingly under the following circumstances:</p> <p>a. If additional applicable requirements become applicable to the source and the remaining permit term is three (3) years or longer. In this case, the reopening shall be completed no later than eighteen (18) months after promulgation of the applicable requirement. A reopening shall not be required if compliance with the applicable requirement is not required until after the date on which the permit is due to expire, unless this permit or any of its terms and conditions have been extended pursuant to 401 KAR 52:030 Section 12;</p> <p>b. The Cabinet or the U. S. EPA determines that the permit must be revised or revoked to assure compliance with the applicable requirements;</p> <p>c. The Cabinet or the U. S. EPA determines that the permit contains a material mistake or that inaccurate statements were made in establishing the emissions standards or other terms or conditions of the permit.</p> <p>Proceedings to reopen and reissue a permit shall follow the same procedures as apply to initial permit issuance and shall affect only those parts of the permit for which cause to reopen exists. Reopenings shall be made as expeditiously as practicable. Reopenings shall not be initiated before a notice of intent to reopen is provided to the source by the Division, at least thirty (30) days in advance of the date the permit is to be reopened, except that the Division may provide a shorter time period in the case of an emergency [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1a (4)] [401 KAR 52:030 Section 26] [401 KAR 50:060 Section 2]. [401 KAR 52:030 Section 7(3), 401 KAR 52:030 Section 26, 401 KAR 50:060 Section 2]</p>
T-20	<p>E(a)4. The permittee shall furnish upon request information requested by the Division to determine compliance with the permit or to determine if cause exists for modifying, revoking and reissuing, or terminating the permit [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Sections 1a (6) and (7)]. [401 KAR 52:030 Section 26]</p>
T-21	<p>E(a)5. The permittee, upon becoming aware that any relevant facts were omitted or incorrect information was submitted in the permit application, shall promptly submit such supplementary facts or corrected information to the permitting authority. [401 KAR 52:030 Section 7(1)]</p>
T-22	<p>E(a)6. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result of any legal or other action shall not invalidate any other portion or condition of this permit [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1a (11)]. [401 KAR 52:030 Section 26]</p>
T-23	<p>E(a)7. The permittee shall not use as a defense in an enforcement action the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1a (3)]. [401 KAR 52:030 Section 26]</p>
T-24	<p>E(a)8. Except for requirements identified as state-origin requirements in this permit, all terms and conditions contained herein shall be enforceable by the United States Environmental Protection Agency and citizens of the United States [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non Major Sources, Section 1a (12)(b)]. [401 KAR 52:030 Section 26]</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 8 of 19

Narrative Requirements:

Condition No.	Condition
T-25	E(a)9. This permit shall be subject to suspension if the permittee fails to pay all emissions fees within 90 days after the date of notice as specified in 401 KAR 50:038 Section 3(6) [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1a (9)]. [401 KAR 52:030 Section 26]
T-26	E(a)10. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance. [401 KAR 52:030 Section 11(3)]
T-27	E(a)11. This permit does not convey property rights or exclusive privileges [Cabinet Provisions and Procedures for Issuing Federally-Enforceable Permits for Non-Major Sources, Section 1a (8)]. [401 KAR 52:030 Section 26]
T-28	E(a)12. Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by the Kentucky Cabinet for Environmental and Public Protection or any other federal, state, or local agency. [401 KAR 52:030]
T-29	E(a)13. Nothing in this permit shall alter or affect the authority of U.S. EPA to obtain information pursuant to Federal Statute 42 USC 7414, Inspections, monitoring, and entry. [401 KAR Chapter 52]
T-30	E(a)14. Nothing in this permit shall alter or affect the authority of U.S. EPA to impose emergency orders pursuant to Federal Statute 42 USC 7603, Emergency orders. [401 KAR Chapter 52]
T-31	E(a)15. Permit Shield – A permit shield shall not protect the owner or operator from enforcement actions for violating an applicable requirement prior to or at the time of permit issuance. Compliance with the conditions of this permit shall be considered compliance with: (a) Applicable requirements that are included and specifically identified in this permit; and (b) Non-applicable requirements expressly identified in this permit. [401 KAR 52:030 Section 11]
T-32	E(a)16. Emission units described in this permit shall demonstrate compliance with applicable requirements if requested by the Division. [401 KAR 52:030 Section 3(1)(c)]
T-33	E(a)17. The authority to operate granted through this permit shall cease to apply if the source fails to submit additional information requested by the Division after the completeness determination has been made on any application, by whatever deadline the Division sets. [401 KAR 52:030 Section 8(2)]
T-34	E(a)18. This permit consolidates the authority of any previously issued PSD, NSR, or Synthetic minor source preconstruction permit terms and conditions for various emission units and incorporates all requirements of those existing permits into one single permit for this source. [401 KAR Chapter 51]
T-35	E(b) Permit Revisions. [401 KAR 52:030]

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 9 of 19

Narrative Requirements:

Condition No.	Condition
T-36	E(b)1. Minor permit revision procedures specified in 401 KAR 52:030 Section 14 (3) may be used for permit revisions involving the use of economic incentive, marketable permit, emission trading, and other similar approaches, to the extent that these minor permit revision procedures are explicitly provided for in the SIP or in applicable requirements and meet the relevant requirements of 401 KAR 52:030 Section 14 (2). [401 KAR 52:030 Section 14(2)]
T-37	E(b)2. This permit is not transferable by the permittee. Future owners and operators shall obtain a new permit from the Division for Air Quality. The new permit may be processed as an administrative amendment if no other change in this permit is necessary, and provided that a written agreement containing a specific date for transfer of permit responsibility coverage and liability between the current and new permittee has been submitted to the permitting authority within ten (10) days following the transfer. [401 KAR 52:030]
T-38	E(e) Emergency Provisions. [401 KAR 52:030]
T-39	E(e)1. An emergency shall constitute an affirmative defense to an action brought for noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or other relevant evidence that: a. An emergency occurred and the permittee can identify the cause of the emergency; b. The permitted facility was at the time being properly operated; c. During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and, d. The permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two (2) working days of the time when emission limitations were exceeded due to the emergency. The notice shall include a description of the emergency, steps taken to mitigate emissions, and the corrective actions taken. [401 KAR 52:030 Section 23(1)]
T-40	E(e)2. Notification of the Division does not relieve the source of any other local, state or federal notification requirements. [401 KAR 52:030]
T-41	E(e)3. Emergency conditions listed in General Provision E(f)1 above are in addition to any emergency or upset provision(s) contained in an applicable requirement. [401 KAR Chapter 52 Section 23(3)]
T-42	E(e)4. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof. [401 KAR 52:030 Section 23(2)]
T-43	E(f) Risk Management Provisions. [401 KAR Chapter 68]

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 10 of 19

Narrative Requirements:

Condition No.	Condition
T-44	<p>E(f)1. The permittee shall comply with all applicable requirements of 401 KAR Chapter 68, Chemical Accident Prevention, which incorporates by reference 40 CFR Part 68, Risk Management Plan provisions. If required, the permittee shall comply with the Risk Management Program and submit a Risk Management Plan to</p> <p>RMP Reporting Center P.O. Box 3346 Merrifield, VA, 22116-3346. [401 KAR Chapter 68]</p>
T-45	<p>E(f)2. If requested, submit additional relevant information by the Division or the U.S. EPA. [401 KAR Chapter 68]</p>
T-46	<p>E(g) Ozone depleting substances. [40 CFR 82]</p>
T-47	<p>E(g)1. The permittee shall comply with the standards for recycling and emissions reduction pursuant to 40 CFR 82, Subpart F, except as provided for Motor Vehicle Air Conditioners (MVACs) in Subpart B:</p> <ul style="list-style-type: none">a. Persons opening appliances for maintenance, service, repair, or disposal shall comply with the required practices contained in 40 CFR 82.156.b. Equipment used during the maintenance, service, repair, or disposal of appliances shall comply with the standards for recycling and recovery equipment contained in 40 CFR 82.158.c. Persons performing maintenance, service, repair, or disposal of appliances shall be certified by an approved technician certification program pursuant to 40 CFR 82.161.d. Persons disposing of small appliances, MVACs, and MVAC-like appliances (as defined at 40 CFR 82.152) shall comply with the recordkeeping requirements pursuant to 40 CFR 82.166.e. Persons owning commercial or industrial process refrigeration equipment shall comply with the leak repair requirements pursuant to 40 CFR 82.156.f. Owners/operators of appliances normally containing 50 or more pounds of refrigerant shall keep records of refrigerant purchased and added to such appliances pursuant to 40 CFR 82.166. [40 CFR 82]
T-48	<p>E(g)2. If the permittee performs service on motor (fleet) vehicle air conditioners containing ozone-depleting substances, the source shall comply with all applicable requirements as specified in 40 CFR 82, Subpart B, Servicing of Motor Vehicle Air Conditioners. [40 CFR 82]</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 11 of 19

COMB1 (Emission Unit 12) Wood-fired boiler - 8.28 mmBtu/hr

Controls: mechanical collector (cyclone w/flyash reinjection)

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	SO2 (Sulfur Dioxide)	<p>The unit shall have emissions of SO2 (Sulfur Dioxide) ≤ 5.0 lb/mm Btu actual heat input.</p> <p>Compliance Demonstration</p> <p>Continual compliance with the SO2 standard shall be assumed, based on AP-42 Table 1.6-2 for Bark/bark and wet wood/wet wood-fired boiler emission factor of 0.025 lb of SO2/mmBtu.</p> <p>Limitation. [401 KAR 59:015 Section 5(1)] This requirement is applicable during the following months: All Year. Statistical basis: Approved basis.</p>
L-2	PT (Particulate Matter)	<p>The unit shall have emissions of PT (Particulate Matter) ≤ 0.56 lb/mm Btu actual heat input.</p> <p>Compliance Demonstration</p> <p>Continual compliance with the PT standard shall be assumed, based on AP-42 Table 1.6-1 for wet wood-fired boiler with mechanical collector control, post-control emission factor of 0.22 lb of PT/mmBtu.</p> <p>Limitation. [401 KAR 59:015 Section 4(1)] This requirement is applicable during the following months: All Year. Statistical basis: Approved basis.</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 12 of 19

Limitation Requirements:

Condition No.	Parameter	Condition
L-3	Visible Emissions	<p>The unit shall have Visible Emissions $\leq 20\%$ opacity except for the following:</p> <p>(a) a maximum of forty (40) percent opacity shall be permissible for not more than six (6) consecutive minutes in any sixty (60) consecutive minutes during cleaning the fire box or blowing soot; and</p> <p>(b) during building a new fire for the period required to bring the boiler up to operating conditions provided the method used is that recommended by the manufacturer and the time does not exceed the manufacturer's recommendations.</p> <p>Compliance Determination - Refer to Recordkeeping Requirements (T-2), Monitoring (T-4), and Performance Test (T-5) for this unit.</p> <p>Limitation. [401 KAR 59:015 Section 4(2)] This requirement is applicable during the following months: All Year. Statistical basis: Six-minute average.</p>

Narrative Requirements:

Applicable Regulations:

Condition No.	Condition
T-1	Applicable Regulations: New Indirect Heat Exchangers applies to new affected facilities less than 250 MM Btu/hr commenced on or after April 9, 1972. [401 KAR 59:015]

Recordkeeping:

Condition No.	Condition
T-2	Recordkeeping: The permittee shall maintain the records of the following: 1) amount of fuel combusted on a monthly basis; 2) the weekly log of the qualitative visual observation of the opacity of emissions from the stack and the opacity determined by Reference Method 9, if any were taken; and 3) documentation of any repairs that were made due to an opacity reading which exceeded the standard. [401 KAR Chapter 52 Section 10]

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

Page 13 of 19

Narrative Requirements:

Monitoring:

Condition No.	Condition
<hr/>	
T-3	Monitoring: The permittee shall monitor the amount of fuel combusted on a monthly basis. [401 KAR Chapter 52]
T-4	Monitoring: The permittee shall perform a qualitative visual observation of the opacity of emissions from each stack on a weekly basis and maintain a log of the observations. If visible emissions from a stack are seen, then the opacity shall be determined by Reference Method 9 and an inspection shall be initiated for any necessary repairs.

Performance Test:

Condition No.	Condition
<hr/>	
T-5	Performance Test: The permittee shall determine the opacity of emissions from the stack by EPA Reference Method 9 monthly, or more frequently if requested by the Division.

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

Page 14 of 19

EQPT3 (Emission Units 3-11, & 13) Cyclone dust handling system

Collected chips stream from Emission Units 04, 05, 06, 08, and 10 to Emission Unit 13.

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	PT (Particulate Matter)	<p>Each unit shall have a maximum emission of PT (Particulate Matter) ≤ 40.59 lbs/hr. If the process weight rate for the unit is 1,000 lbs/hr or less, the limit on emission of PT shall not exceed 2.34 lb/hr. If the process weight rate for the unit is above 1,000 lbs/hr, the limit on emissions of PT from the unit can be determined (in lbs/hr) by taking the process weight rate for materials introduced into the unit (in tons/hr), raising the process weight rate value to the 0.62 power, and multiplying by 3.59 (maximum = $3.59 \times \text{process weight rate}^{0.62}$).</p> <p>Compliance Demonstration</p> <p>Compliance will be demonstrated from the following emission calculation basis and monitoring requirements: PT emissions in pounds per hour = (daily processing rate in tons/day)(1 day/hours of operation that day)(emission factor of 0.376 lb PT/ton of logs).</p> <p>Limitation. [401 KAR 59:010 Section 3(2)] Statistical basis: Daily average.</p>
L-2	Visible Emissions	<p>Each unit shall have Visible Emissions < 20 % opacity. For compliance with visible emissions limit, see Monitoring (T-2), Recordkeeping Requirement (T-4), and Testing Requirements (T-5). [401 KAR 59:010 Section 3(1)] Statistical basis: Six-minute average.</p>

Narrative Requirements:

Applicable Regulations:

Condition No.	Condition
T-1	<p>Applicable Regulations: New process operations is applicable to each affected facility associated with a process operation commenced after July 2, 1975 and limits particulate emissions. [401 KAR 59:010]</p>

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 15 of 19

Narrative Requirements:

Monitoring:

Condition No.	Condition
T-2	Monitoring: The permittee shall perform a qualitative visual observation of the opacity of emissions from each stack on a weekly basis and maintain a log of the observations. If visible emissions from a stack are seen, then the opacity shall be determined by Reference Method 9 and an inspection shall be initiated for any necessary repairs.
T-3	Monitoring: The permittee shall monitor the number of hours of operation and the amount of logs processed on a daily basis.

Recordkeeping Requirements:

Condition No.	Condition
T-4	Recordkeeping Requirements: The permittee shall maintain the records of the following: 1) number of hours of operation and the amount of logs processed on a daily basis; 2) the weekly log of the qualitative visual observation of the opacity of emissions from the stack and the opacity determined by Reference Method 9, if any were taken; and 3) documentation of any repairs that were made due to an opacity reading which exceeded the standard.

Performance Test:

Condition No.	Condition
T-5	Performance Test: The permittee shall determine the opacity of emissions from the stack by EPA Reference Method 9 monthly, or more frequently if requested by the Division.

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 16 of 19

GACT1 (1) Debarking and Log Cutting:

Narrative Requirements:

Applicable Regulations:

Condition No.	Condition
T-1	Applicable Regulations: Fugitive emissions is applicable to each affected facility which emits or may emit fugitive emissions and is not elsewhere subject to an opacity standard within the administrative regulations of the Division for Air Quality. [401 KAR 63:010 Section 1]

Additional Limitations:

Condition No.	Condition
T-2	<p>Additional Limitations: No person shall cause or permit the discharge of visible fugitive dust emissions beyond the lot line of the property on which the emissions originate. In addition, reasonable precautions shall be taken to prevent particulate matter from becoming airborne, including the materials processed at each unit listed above shall be controlled with wet suppression and/or enclosures so as to comply with the standards specified in Section 3 of 401 KAR 63:010, Fugitive emissions.</p> <p>Compliance Demonstration</p> <p>Observations and records, if applicable, shall be utilized to document failure to comply. Otherwise, compliance is assumed when daily observations indicate that the processes and controls are operating normally.</p> <p>Limitation. [401 KAR 63:010 Section 3]</p>

Reports and Submittals:

Condition No.	Condition
T-3	Reports and Submittals: See Semiannual Reports, Compliance Certification, and Section D1, and D2 of this permit. [401 KAR 52:030 Section 10]

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc

Facility Requirements

Activity ID No.: APE20040001

Page 17 of 19

Narrative Requirements:

Monitoring:

Condition No.	Condition
T-4	Monitoring: The permittee shall monitor the amount of logs received and processed through each piece of equipment and the number of hours of operation on a daily basis.
T-5	Monitoring: Visible emissions from each piece of equipment or operation described for this item or group shall be monitored daily during daylight hours to determine whether conditions appear to be normal or abnormal. If the emissions appear to be abnormal, the permittee must then comply with the deviation reporting described in Section D of this permit.

Recordkeeping Requirements:

Condition No.	Condition
T-6	Recordkeeping Requirements: Visible emissions from each piece of equipment or operation described for this item or group shall be monitored daily during daylight hours to determine whether conditions appear to be normal or abnormal. If the emissions appear to be abnormal, the permittee must then comply with the deviation recordkeeping and reporting described in Section D.5 of this permit.
T-7	Recordkeeping Requirements: See Sections C1, C2, and G1 of this permit.
T-8	Recordkeeping Requirements: The permittee shall maintain records of the amount of logs received and processed through each piece of equipment and the number of hours of operation on a daily basis.

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

GACT2 (2) Insignificant Activities subject to 63:010:

Narrative Requirements:

Condition	
No.	Condition
T-1	This activity is insignificant and 401 KAR 63:010 is generally applicable. [401 KAR Chapter 52]

Conditional Major-Initial Construction/Operating Permit

Bluegrass Cooperage Co Inc
Facility Requirements

Activity ID No.: APE20040001

Page 19 of 19

GACT3 (3) Insignificant Activities subject to general cond.:

Narrative Requirements:

Condition No.	Condition
T-1	The activities within this group have been determined to be insignificant activities for this source pursuant to 401 KAR 52:030 Section 6. While these activities are designated as insignificant the permittee must comply with the applicable regulation and some minimal level of periodic monitoring may be necessary. [401 KAR 52:030 Section 6]